

**U.S.ARMY MATERIEL COMMAND**  
**FY02 MORALE, WELFARE AND RECREATION BUDGET GUIDANCE**  
**SUPPLEMENTAL GUIDANCE**

1. This FY02 supplemental guidance applies to all Army Materiel Command (AMC) installations operating Morale, Welfare and Recreation & Family Services (MWR&FS) programs. The Guidance is intended to supplement the Department of the Army, Community and Family Support Center (CFSC) guidance. CFSC guidance can be found at <http://www.armymwr.com>. The enclosures referenced in this supplemental guidance can be found in the CFSC budget guidance. The AMC MWR&FS supplemental guidance will reiterate the CFSC guidance for highlighting or adding additional focus on key issues.
2. Budget guidance for the Post Restaurant Fund (PRF) and Civilian Welfare Fund (CWF) can be found at the following website: <http://www.HQDA.army.mil/ACWF/budget%20guide.htm>. The PRF and CWF FY02 budgets are to be submitted to HQ AMC not later than 1 July 2001.
3. FY02 supplemental guidance for Army Lodging will be addressed in a separate memo.
4. The Financial Management Budget System (FMBS) Version 2.0 will be used to prepare annual operating budgets (AOB). Historical data by program code has been provided via electronic transmission. The budget worksheet includes the last 12 months of actual data to be compared to your FY02 budget. Any variance of 10 percent requires explanation.
5. The enclosed basic guidance, with all references and memoranda, may be accessed through the worldwide Army MWR Homepage at <http://www.armymwr.com> under the Financial Management Section, NAF Financial Management Guidance.
6. FY02 new and revised budget requirement highlights are:
  - a. Commanders Mission Box changes:
    - NIBD Standard 7%
    - NIBD Standard for Clubs 8%
    - NIBD Standard for Golf and Category C Bowling 17%
  - b. Newly hired employees will be automatically enrolled in the NAF employee retirement plan for their first six months. It is expected the annual funding rate for the NAF Retirement Plan will be 5.5 percent for the employing NAFI.
  - c. For FY02 the post retirement medical liability (PRM) will be funded by a 2.8 percent surcharge on total payroll. Total payroll will be calculated as the sum of general ledger account codes (GLAC) 601, 609, 617, and 621 for all employees in all categories. The expense will be recorded in GLAC 629 Post-Retirement Medical Benefits Assessment.
  - d. There will be no change in the 401K employer surcharge of 0.1 percent on covered payroll for FY02.

e. Department of Defense NAF Health Benefit Plan (DODHBP) and Health Maintenance Organizations (HMOs). Effective 1 October 2001 the AMWRF contribution of 20 percent will be eliminated; the total employer contribution ratio of 70 percent for DODHBP will be paid by the employing NAFL. Review the employer/employee contribution ratio, enclosure 5, paragraph 2e.

f. A pre-tax medical/dental premium will continue in FY02. The pre-tax impact will reduce the amount of the employer contribution to FICA and MEDICARE for employees under Section 125 of the IRS Code. Details are at enclosure 5, paragraph f.

g. Long Term Care Insurance will be implemented during calendar year 2001. This insurance program will be available at employee expense. There is no requirement to budget for an employer contribution.

h. Voluntary Early Retirement/Discontinued Service Retirement (VERA/DSR) funding requirement. For FY02 any installations that have NAF employees who retire under VERA/DSR conditions with the ASA's approval will be required to deposit \$20K to the Army NAF Retirement Fund for each individual.

i. Time, Labor Management System (TLMS) annual maintenance cost should be programmed to equal FY 01 billing.

j. The projected cost of living and locality increases for FY 02 is 3.7 percent.

k. New and revised program, department, and GLAC codes have been published. See enclosure 10.

l. As previously defined in prior year budget guidance for Capital Purchases and Minor Construction (CPMC), it is of utmost importance that multiple items not be submitted as renovations, upgrades, or refurbishments for the current budget year. Each item must be specific in name and meet the CPMC definition. Those items not qualifying as CPMC will be expensed; i.e., uniforms, china, glassware, tableware, linens, and consumable supply items. The CPMC projections for out-years may be grouped together as a total cost and listed as renovations, upgrades, and refurbishments if the individual items and costs are not yet determined. Carryovers need to be identified and programmed into your FY 02 CPMC budget. Incomplete FY 01 projects that are not carried forward on your FY 02 CPMC list, and are executed in FY02 will require an FY02 budget revision.

m. The MWR CPMC versus NIBD spending limitation changed so that payments for CPMC (including Capital Lease), plus local payments for NAF major construction may not exceed NIBD at the Army-wide level. Once MACOM 02 budget packages are fully developed and approved, the level of planned NIBD may be compared to the FY02 expected payments for CPMC and local NAFMC. In those MACOMs where the combined payments are expected to exceed the NIBD, this may only occur if spending authority is transferred from another MACOM with a condition of lesser capital expenditure needs. This transfer must occur in advance of the execution of the projects with a copy furnished CFSC.

n. The FY02 NAFMC program will consist of approved SELF-funded projects and a significantly reduced AMWRF financed program. The MWR BOD will consider funding options and programmed levels for FY03 at the October meeting. There will be no AMWRF funded project validation assessments (PVA's) for the FY03 Program.

o. The Army lodging program guidance is at enclosure 6. Overhead cost allocation and surcharges are covered in this enclosure.

p. There will be refresher/upgrade training in FY02 at the MWR Training Academy for Information Services Officers, Foodtrak, Catermate, and TLMS.. Each installation should budget per diem, travel, and other costs for a minimum of 4 1 week training classes.

7. Specific budget guidance pertaining to MWR Utilization, Support, and Accountability (USA) is provided at enclosure 8. This guidance includes policy clarification on APF authorizations, accounting instructions, and a sample Memorandum of Agreement.

8. The commander's narrative will include, as a minimum:

a. Description of installation budgeted financial performance against AMC standard.

b. A management statement on all activities budgeted NIBD that is 10 percent more or less than the actual last 12 months.

c. Identification and discussion of noteworthy trends.

d. Description of any anticipated cost savings.

e. Remarks on significant NAF revenue increases.

f. The identification of USA/MWR funding.

9. A budget checklist is at enclosure 1 of this supplemental guidance

10. Projected timeline for budget submission.

a. Budgets submitted to AMC 1 Jul 01.

b. Budgets reviewed by AMC installation Financial Advisor 1 Jul 01 through 30 Aug 01.

c. Budget due to CFSC 31 Aug 01.

11. This supplemental guidance may be accessed on the AMC home page website <http://amcmwr-www.army.mil> under Support Services/ISSO.

12. The point of contact for this action is Mr. Robert Crawley, DSN 767-9417, e-mail [rcrawley@hqamc.army.mil](mailto:rcrawley@hqamc.army.mil) or Ms. Kay Knight, DSN 767-4786, e-mail [kknight@hqamc.army.mil](mailto:kknight@hqamc.army.mil).

## Budget Requirements and Submission Procedures

1. PREPARATION: The Financial Management Budget System (FMBS) Version 2.0 is the standard for preparing the FY 02 NAF budgets and is required to be used. Each MACOM should contact Richard Dey, CFSC-IM-MIS, Chief, Management Information Systems (MIS), DSN 761-1567 or COM (703) 681-1567, e-mail [Richard.Dey@cfsc.army.mil](mailto:Richard.Dey@cfsc.army.mil) regarding the capability of accessing FMBS. Any additional FMBS training requirements should be coordinated with your respective MACOM Subject Matter Expert.

2. SUBMISSION: Each NAFI budget will be submitted in two separate budget packages (one based on MWR "Fund 1" only and one based on MWR Supplemental Mission Funds only). Each budget package will be submitted to the applicable MACOM consisting of the following separate elements (all referenced forms are contained in FMBS). The respective MACOMs will establish the submission date for installation or community budget packages.

a. Commander's narrative that includes, at a minimum--

1. Description of current operations, including goals and objectives reflected in the budget.
2. Significant changes from the previous year's approved budget and actual operations.
3. Identification and discussion of significant trends.
4. An explanation of anticipated cost savings.
5. An explanation of projected NAF revenue increases or decreases.
6. Justification for using NAFs where APFs are authorized.

b. Annual operating budgets (DA Form 5318-E).

c. APF/NAF Five-Year Financial Plan (DA Form 5320-1-E).

d. CPMC budgets (Parts A-D) (DA Form 5321-E).

e. Five-Year Cash Projection Schedule (DA Form 5911-E). Make sure explanatory notes are included which account for amounts appearing on the lines marked, "explain or list in detail in a footnote."

f. NAF Major Construction Schedule (DA Form 5911-2-E).

3. REVIEW AND APPROVAL" The MACOMs will review and approve installation budgets.

4. MACOM SUBMISSION: The MACOM will submit (not later than 31 Aug 01) five MACOM consolidated budget reports that are run from the baselined budget version in FMBS as a MACOM user. The following is an aid in generating and identifying specific required reports

for RollUp and electronic submission to USACFSC for FMBS 2.0, contact Georgette Cornio, CFSC-IM-MIS, DSN 761-1592 or COM (703) 681-1592, e-mail: [Georgette.Cornio@cfsc.army.mil](mailto:Georgette.Cornio@cfsc.army.mil) or Gisela Darrow, CFSC-IM-MIS, DSN 761-1578 or COM (703) 681-1578, e-mail: [Gisela.Darrow@cfsc.army.mil](mailto:Gisela.Darrow@cfsc.army.mil).

**NOTE: There is a change in the reporting requirements, starting with FY 2002. There are two new report Print/Levels. They are called the Supplemental Missions, which total together Fund Codes ( E, G, H, J, N ).**

#### **P/L 32 - Supplemental Missions Total**

#### **P/L 33 - Supplemental Missions, Rolled by Prog**

- a. AOB Summary - (P/L) 14 ( MACOM, Rolled by Prog ) - This will be run for Fund Code 1.
- b. AOB Summary - (P/L) 33 ( Supplemental Missions, Rolled by Prog ) - This will total Fund Codes ( E, G, H, J, N ) together.
- c. APF / NAF Five-Year - (P/L) 14 ( MACOM, Rolled by Prog ) - This will be run for Fund Code 1.
- d. APF / NAF Five-Year - (P/L) 33 ( Supplemental Missions, Rolled by Prog ) - This will total Fund Codes ( E, G, H, J, N ) together.
- e. NAFMC Schedule - This will be run for all ( INST / FUND ) that has NAFMC projects within Fund Codes ( 1, E, G, H, J, N ).
- f. Cash Five-Year Proj - (P/L) 17 ( MACOM Total ) - This will be run for Fund Code 1.
- g. Cash Five-Year Proj - (P/L) 32 ( Supplemental Missions Total ) - This will total Fund Codes ( E, G, H, J, N ) together.
- h. CPMC - (P/L) 12 ( MACOM, Rolled by Inst ) - This will be run for all Fund Codes within ( 1, E, G, H, J, N ).

Before Entering FMBS, you will need to create a Directory / Folder on your local PCs C: Drive, to store the printed reports, such as " C:\BUD\_FY02 " .

You will need to LOGIN to FMBS v2.0 as a MACOM user.

All Budgets are required to be reviewed and approved by the MACOM.

Use the " Process - Submit Budget to MACOM " Menu option to submit all Inst / Funds for review.

After they have been Reviewed and Approved by the MACOM, use the " Process - Process MACOM Approval " Menu option to approve all Inst / Funds.

After all Installations / Funds have been Approved for that MACOM, then run the above 5 reports using the Reports Menu.

You will enter the " Report Parameter Selection " screen as in any report, using the P/L - FY - Fund - Version Type - Version #, just like normal except in Version Type use " Approved " and Version # use " 0 " .

On the report " Runtime Parameter Form " enter the following :

Destination	File
Printer/File Name	C:\BUD_FY02\AOB14_1.TXT
Printer Type	Text

**NOTE :**

The Directory / Folder is the same as setup earlier " BUD\_FY02 ", and the File Name is descriptive to the report and Fund Code, i.e. AOB14\_1.TXT - AOB33\_S.TXT - CSH17\_1.TXT - CSH32\_S.TXT - CPM12\_1.TXT - APF14\_1.TXT - APF33\_S.TXT - NAF\_IN1.TXT .

After entering the Parameter Form, you can then run the report using the Green Traffic light or File - Run Report menu option.

The report will then run and format all pages and send the results to your local PCs C: drive.

After running all these reports as necessary, you can use your PCs Windows Explorer to verify they are on your local PCs C: drive.

These are plain ASCII files, and can be reviewed using WordPad or Word programs, do not modify or save them after review.

E-mail them to: Georgette.Cornio@cfsc.army.mil. E-mail them separately or ZIP the files together.

Send them to CFSC-FM-C for printing and review.

Mail the MACOM cover memo and commander's narrative to USACFSC, ATTN: CFSC-FM-C, not later than 31 Aug 01.

5. Budgets must coincide with and reflect the annual MWR 5-Year Plan (AR 215-1, Chapter 10).

6. REVISIONS: Budget revisions are not a substitute for managing operations to achieve approved budget goals. However, when circumstances beyond management control cause significant budget variances, budgets may be revised to reflect the new circumstances. Only future data may be revised and the MACOM consolidated budget must be revised accordingly and be submitted to USACFSC. NAFMC funding commitments approved by the CIRB will not be decreased without approval of the MWR BOD. Failure to fulfill NAFMC commitments normally results in cancellation of NAFMC projects.

### **Budget Requirements and Submissions Procedures Army Lodging Funds**

1. This section contains specialized instructions for lodging (official travel) NAFIs. General instructions pertaining to recreation lodging activities are included in the section on MWR NAFIs.

2. The standard for preparing the installation lodging fund budgets will be in Microsoft EXCEL for FY 02. The templates and specific instructions will be provided on the Army MWR Website ([http://trol.redstone.army.mil/mwr/fin\\_mgt](http://trol.redstone.army.mil/mwr/fin_mgt)). Lodging fund budgets will first be prepared using the Microsoft EXCEL templates and once approved the AOB, CPMC and Cash Budget schedules will be loaded into the Financial Management and Budget System (FMBS) by selecting "Import Lodging Fund" on the FMBS menu available to MACOM ISOs. The FMBS facilitates the direct loading of approved/revised budgets on the Nonappropriated Fund Information Standard System (NAFISS) and is presently being utilized by most Army Installation Morale Welfare and Recreation Funds (IMWRFs).

3. DODD 1015.11 and/DODI 1015.12, Lodging Program Resource Management (Encl 1, ref f and g) states that appropriated funds (APF) are the primary source of funding for transient lodging capital expenditure items authorized APF support. The policy further provides the Army Secretariat with the authority to waive this requirement when APFs are not available. It is anticipated that the Army Secretariat will waive this requirement given the current APF funding environment. A waiver authorizing the use of NAF for transient lodging utilities is not anticipated. APF must be programmed for operations and CPMC prior to programming NAF and a certification of nonavailability of APF is required where APF is authorized but not available. In accordance with the Joint Travel Regulation (JTR) and the Joint Federal Travel Regulation (JFTR), permanent change of station (PCS) travel is official travel and all transient lodging are official government quarters authorized APF support.

4. Budgets will be developed using the DA Forms on EXCEL templates and will be entered into the Nonappropriated Fund Information Standard System (NAFISS) or MicroCADs (USAREUR) upon receiving MACOM or if late, USACFSC approval. Only approved budget figures will be entered into NAFISS or MicroCADs. To facilitate this, budgets that have been prepared and approved using EXCEL will be loaded into FMBS. The servicing contracting/procurement and accounting offices will only accept purchase requests and invoices for payment for CPMC projects included on the approved budget.

5. Installations will forward copies of installation-generated lodging fund budgets to MACOMs for approval. The MACOMs will provide copies of MACOM-approved installation lodging fund budgets and all related documents listed below to USACFSC. The budget in the EXCEL template will be forwarded by email or on a computer disk. All other documents may be sent in hard copy. The MACOMs will forward any installation lodging fund budgets not approved by them by 31 August 2001 to USACFSC for approval.

6. Installation/community lodging fund budget submissions will consist of the following separate elements:

a. CPMC Budgets (Parts A-D). In addition, a Project Plan (Encl 9, Doc 1) will be submitted for each project providing the following:

(1) Detailed project description (e.g., Bldg #, number of rooms, age and condition of facility, etc.).

(2) APF work order number.

(3) Justification for need.

(4) Justification for use of NAFs for items authorized APF. An Installation Commander's certification is required when APF is authorized but not available. This requirement is applicable to Capital Purchase, Major/Minor Construction, and Maintenance and Repair authorized APF support.

b. A manager's narrative describing the budget in detail to include as a minimum:

(1) Description of current operations, including goals and objectives reflected in the budget.

(2) Significant changes from the previous years approved budget and actual operations.

(3) Identification and discussion of significant changes and trends from the previous year's operation. (Provide specifics.).

(4) An explanation of anticipated cost savings.

(5) An explanation of projected NAF revenue increases or decreases.

(6) Justification for using NAFs where APFs are authorized.

c. Start Worksheet.

d. Begin Worksheet.

e. Rooms Worksheet.

f. Detailed and Consolidated Annual Operating Budgets (AOB).

g. Monthly Cash Projection Schedule.

h. Five-Year Cash Projection Schedule. Ensure explanatory notes are included which account for amounts appearing on the lines marked, "explain or list in detail in a footnote."

i. Minimum Net Income Before Depreciation Worksheet.

j. Room Service Charge Computation Worksheet(s).

7. Program Codes TB (unaccompanied permanent party) and HG (transient lodging) must be budgeted separately. Installations will consolidate all program HG costs associated with room operations under department code 82, Army Lodging Rooms and department code G1, Administration.

8. Activities such as resale activities, food and/or beverage operations (excluding continental breakfast and mini-bar), conference facilities, etc., within the lodging fund, will be operated IAW AR 215-1 and will not be included in department code 82, Army Lodging



Rooms. These activities shall be self-sustaining, covering all costs associated with the operation (i.e., labor, supplies, COGS, etc.) and will be recorded under department codes such as F1, Miscellaneous Sales for non-food items and department code 14, Snack Bar for food sales.

9. Guidance and procedures for allocating overhead services provided to and/or by the IMWRF are at Encl 5, para. 19.

10. Lodging Capital Assessment (LCA), Army Lodging Fund (ALF) Surcharge, and Unofficial Travel Surcharge:

- a. The Service Charge Computation Worksheet template includes the LCA, the ALF Surcharges and the Unofficial Travel Surcharge.
- b. The LCA, ALF Surcharges and Unofficial Travel Surcharge (if instituted) income will be budgeted and recorded in GLAC # 501, Service/Recreation Income. The LCA and ALF Surcharge expense will be budgeted and recorded in GLAC # 758, ALF Surcharge Expense. The Unofficial Travel Surcharge (if instituted) expense will be budgeted and recorded in GLAC # 697, Dividend Expense.
- c. Based on the Daily Activity Report (DAR) input, the central accounting office will record the amount of the LCA and ALF Surcharges as a payable (GLAC # 238, Army Lodging Fund Surcharge Payable) to the ALF and will record the amount of the Unofficial Travel Surcharge (if instituted) as a payable (GLAC # 231, Inter NAFI Payables Within MACOM) to the IMWRF. The LCA and the ALF Surcharge balance is transferred to the ALF monthly. This is a change from FY 01 guidance and procedures. The Unofficial Travel Surcharge balance is transferred to the IMWRF monthly and recorded by the IMWRF in GLAC # 514, Unofficial Travel Surcharge Income.

11. Capital Purchases and Minor Construction (CPMC) Planning and Programming:

- a. The FY 02 CPMC budget and out-year CPMC programming (5 Year Plan) should work toward facility improvements consistent with the Army Lodging Facility Standards and the Army Lodging Wellness Plan objectives. The standards are on par with mid-range comparable industry facilities.
- b. MACOMS will approve CPMC budgets which are consistent with the Army Lodging Wellness Plan objectives.
- c. NAF project and funding approval requirements are provided at Encl 9, Doc 2.
- d. APFs are the only authorized source of funding for permanent party capital expenditures.
- e. Procedures for approval/execution of "bridge" projects (Ref. Encl 6, paragraph 2) are detailed below.

(1) Evidence of funds accrual for CPMC project must be provided with the budget (via balance sheets, income statements, and/or cash flow analysis).

(2) Formal requests for specific project execution are forwarded to the MACOM for approval/endorsement. MACOMs will provide notification of all such approvals and forward endorsed projects to CFSC for higher headquarters review and approval.

(a) If Capital Purchase, MACOM will review and approve.

(b) If maintenance and repair or minor construction, MACOM will review and determine if Marketing and Engineering Assessments are required. Based on the results of Marketing and Engineering Assessments, the MACOM will then consider approval to execute the programmed CPMC project.

(c) If Major Construction, MACOM will review and recommend/endorse project for CIRB/PVA consideration.

(3) If Marketing and Engineering Assessments are required, installations will self-fund PVA. Army Lodging's contract for these PVAs will be used, and the installation will transfer required funds, for this purpose, to Army Lodging. Marketing and Engineering Assessments will validate specific projects consistent with the overall Wellness Plan program.

(4) If project execution approval is denied, the installation may be directed to reduce room rates to draw down cash.

(5) The following project execution requirements must be followed when considering the "bridge" approach to self-funding CPMC projects:

(a) Installation will have 12 months from MACOM approval to execute a contract or purchase order for the specific CPMC project.

(b) If a contract or purchase order for the specific project has not been executed within the 12-month window, installations may be directed to reprogram the funds and reduce room rates to draw down cash.

(c) Appropriate funding limitations/approval authorities must be maintained, IAW Encl 9. Doc 2.

(6) MACOMs may approve projects currently under contract/purchase order and those projects required to alleviate immediate health, environment, or safety concerns.

12. REVISIONS: Installation/community requirements for and submission of budget revisions are subject to the following guidance:

- a. Budget submissions must be as accurate and realistic as possible and reflect all known or planned changes. Revisions are not a substitute for realistic planning and management actions that adjust operations, room rates, and expenses to achieve budgeted goals. However, when actual results vary by 15 percent or more from CFSC/MACOM-approved budgets in the critical areas of total revenue, total operating expenses, or net income before depreciation, revisions

for the remainder of the fiscal year are required to be submitted to the organization that originally approved. To prevent an unjustified drain on the Army's Training / Travel and MPA accounts resulting in an unnecessary buildup of cash or to prevent an unexpected drain on cash, revisions to the operating budget will be required and adjustments to room rates may be necessary when CPMC performance to budget varies by more than 15 percent. Installation commanders may approve budget revisions when the critical annual operating or CPMC budget factors, indicated above, vary less than 15 percent.

- b. MACOMs may supplement with more stringent revision requirements.
- c. MACOMs may delegate approval authority to installation commanders for changes not to exceed \$25,000 within the installation's approved lodging fund CPMC budget amount. Any change to the total dollar amount of installation CPMC budgets must have prior MACOM approval.
- d. Installations will conduct quarterly performance to budget reviews.
- e. Budget revisions will be approved by the MACOM and a copy forwarded to USACFSC NLT 60 days following approval.
- f. Budget revisions will be completed using the EXCEL templates and the instructions for revisions (Misc. Tab cell B35).
- g. Only future data may be revised. For example, a budget revision submitted in April may include revised figures for April through September only. Original budgeted figures for October through March will be added to revised figures to obtain the revised fiscal year total. This does not preclude local use of actual data in conjunction with projected data as a tool in comparing original forecasts with actual results to meet management needs or desires.
- h. Whenever one budget component is revised, all other affected budgets must be simultaneously revised. A revision to the AOB may affect funds available for capital expenditures and, therefore, require revision of the CPMC and cash budgets.
- i. All approved revisions need to be expeditiously loaded into FMBS locally for entry into the NAFISS or MicroCADs systems and CPMC budgets forwarded to the servicing contracting/procurement offices.

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#### LODGING FUND CPMC PROJECT PLAN

#### Approval Requirement for NAF-Funded Lodging CPMC Projects

#### INTERNATIONAL HOTEL/MOTEL AND RESTAURANT SHOW (IHM&RS) 2001 CONSOLIDATED BUY BUDGET INPUT

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BACK